

Message Text

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R 232155Z APR 76
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TO USDOC WASHDC
SECSTATE WASHDC 3160
INFO AMEMBASSY BOGOTA
AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMPMBASSY QUITO 0352
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY SANTO DOMINGO
AMEMBASSY GUAYAQUIL

UNCLAS TEGUCIGALPA 2045

E.O. 11652: N/A

TAGS: EAGR, EINV, HO

SUBJ: TRANSFER OF TELA RAILROAD COMPANY (TRRCO) RAILROAD
TO GOH

REF: TEGUCIGALPA 1676

1. BEGIN SUMMARY. THE GOH SIGNED A CONTRACT WITH THE TRRO (UNITED BRANDS) ON 22 APRIL WHICH SERVED TO TRANSFER OWNERSHIP OF TRRCO'S RAILROAD TO THE GOH NATIONAL RAILROAD AND ESTABLISH TERMS OF A "RENT BACK" ARRANGEMENT. END SUMMARY.

2. THE FOLLOWING ARE THE PRINCIPAL TERMS OF THE SCALE-RENT BACK AGREEMENT:

(A) THE NATIONAL RAILROAD ACQUIRES THE 307-KILOMETER RAILROAD OF TRRCO FOR THE SUM OF \$.50.

(B) THE TRRCO WILL RENT FROM THE NATIONAL RAILROAD THE TRACKAGE IT FORMERLY OWNED FOR A PERIOD OF EIGHT

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YEARS (RENEWABLE) AT AN ANNUAL RENTAL CHARGE OF

\$250,000. THE RENTAL PERIOD WILL BE CONSIDERED TO
HAVE COMMENCED ON 1 JANUARY 1976.

(C) DURING THE RENTAL PERIOD THE TRRCO MUST MAINTAIN THE
RENTED TRACKAGE AT ITS OWN RISK AND COST. THE COMP-
ANY IS ALSO REQUIRED TO RECONSTRUCT AND REHABILITATE
THE RENTED TRACKAGE IN THE EVENT THAT IT IS DESTROYED
OR SUFFERS DAMAGES THAT RENDER IT TOTALLY OR PARTIALLY
UNSERVICABLE. THE NATIONAL RAILROAD WILL DETERMINE
THE MAINTENANCE AND RECONSTRUCTION WORK TO BE DONE.
TRRCO WILL BE REQUIRED TO DO SUCH WORK WHEN IT IS
"TECHNICALLY AND ECONOMICALLY REASONABLE."

(D) THE RENTED TRACKAGE WILL BE RETURNED TO THE NATIONAL
RAILROAD IN GOOD CONDITION AT THE END OF THE RENTAL
PERIOD. IF NOT, THE TRRCO WILL PAY THE COST OF ALL
WORK NECESSARY TO RESTORE THE TRACKAGE TO SUCH CONDITION.

(E) THE RELATIONSHIP BETWEEN THE TRRCO AND ITS RAILROAD
EMPLOYEES SHALL NOT DETERIORATE BECAUSE OF THE SALE-
RENT BACK OF THE RAILROAD. IT IS EMPHASIZED THAT
THERE WILL BE NO DIRECT OR INDIRECT LAYOFF MADE BY
THE TRRCO OF ITS RAILROAD EMPLOYEES UNLESS SUCH ACTIONS
ARE MADE IN COMPLIANCE WITH THE PROVISIONS OF HONDURAN
LAW.

(F) THE TRRCO WILL CONTINUE TO SHIP AT LEAST ONE-THIRD OF
ALL BANANA EXPORTS THROUGH THE PORT OF TELA DURING
THE NEXT FIVE YEARS. THAT REQUIREMENT WILL TERMINATE
AFTER THE FIVE YEAR PERIOD.

(G) THE NATIONAL RAILROAD OBTAINED THE OPTION TO ACQUIRE,
AT NO COST, SOME OR ALL OF THE TRRCO'S PLANT AND
EQUIPMENT RELATED TO RAILROAD OPERATIONS AT THE END
OF THE RENTAL PERIOD (ITEMS SUCH AS ROLLING STOCK,
WORKSHOPS, STATIONS, AND WAREHOUSES)./*745#34.943,
THE NATIONAL RAILROAD HAS THE OPTION TO ACQUIRE, AT
TRRCO BOOK VALUE, SOME OR ALL OF ANY NEW RAILROAD
EQUIPMENT, SPARE PARTS AND ACCESSORIES, OR IMPROVEMENTS
PURCHASED OR MADE BY TRRCO IN THE FUTURE.

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3. POST POUCHING TO DEPT. FIVE COPIES OF GOH NEWS RELEASE
CONCERNING THIS MATTER.
SANCHEZ

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